

May 19, 2008

For Immediate Release

Company Name: GMO Internet Inc.
(TSE First Section, Code: 9449)
Address: 26-1 Sakuragaoka-cho Shibuya-ku Tokyo JAPAN
Representative: Masatoshi Kumagai, CEO and Representative Director
Contact: Masashi Yasuda, Managing Director
Telephone: +81 3 5456 2555
URL: <http://www.gmo.jp/en>

NIKKO Inc. to Become Consolidated Subsidiary in Capital Partnership

The GMO Board of Directors meeting convened today, decided to take a stake in NIKKO Inc, and to make it a subsidiary. Nikko is an Internet advertising company strong in interactive marketing (marketing that directly engages the consumer).

1. Reasons For Equity Participation

According to a 2007 Dentsu report on advertising expenditure in Japan, in that year the Internet advertising market was worth ¥600.3 billion yen (up 124.4% over the previous year), and accounted for 8.6% of total advertising expenditure as a result of the rapid growth in scale of industry. Within the Internet advertising market the SEM (Search Engine Marketing) market worth ¥128.2 billion (up 137.8% over the previous year) has experienced particularly strong growth in comparison to other Internet media. Since the GMO Internet Group withdrew from the Internet finance business in August last year, it has focused resources on its Internet Use Support (Infrastructure) and Internet Advertising Support (Media) business segments and staged a successful revival in the Internet arena. In particular, the group has achieved strong results in the Internet Media segment centered around the Media and Search Media business. We are confident that going forward, this business will continue to drive growth. At the same time, we are working toward further strengthening Internet advertising sales by leveraging our 570,000 company-strong customer base.

NIKKO is an Internet advertising company strong in interactive marketing. The company provides comprehensive and strategic SEM planning and consulting services. GMO Internet decided to acquire a stake in NIKKO to strengthen SEM strategy and Internet advertising sales in its own Media segment. GMO Internet will acquire 1,600 shares to be issued by NIKKO in a third party allocation of new shares on May 23, 2008. The company will also acquire all 800 shares held by Masatoshi Kumagai (GMO Internet CEO and Representative Director), a major shareholder in NIKKO. The total number of shares to be acquired by GMO Internet is 2,400.

2. Subsidiary (NIKKO Inc.) Outline

(1) Company Name	NIKKO Inc.
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(2) CEO	Makoto Hashiguchi
(3) Address	5-52-2 Jingumae, Shibuya-ku, Tokyo
(4) Established	September 11, 2006
(5) Main Areas of Business	An advertising company strong in interactive marketing Internet advertising (PC, mobile) Magazine, newspaper, TV, radio and SP advertising SEM consulting Web production Advertising design and production
(6) Fiscal Year	June
(7) No. of Employees	116 (End of April 2008)
(8) Capital	¥100,000,000
(9) No. of Outstanding Shares	2,000
(10) Major stockholders and ownership ratio	Yorihiko Kato (60%) Masatoshi Kumagai (40%)
(11) Business Relationship with this company	A business relationship in advertising distribution related business

(12) Business Performance in the Three Most Recent Fiscal Years

Fiscal Year	June 2007 (note*)	—	—
Sales (¥millions)	5,703	—	—
Operating Profit (¥millions)	-124	—	—
Ordinary Profit (¥millions)	-133	—	—
Net Profit (¥millions)	-133	—	—
Total Assets (¥millions)	2,316	—	—
Net Assets (¥millions)	-33	—	—
Dividend per share	0		

(note*) The June 2007 fiscal year was an eight month year (November 2006 – June 2007)

3. Number of Shares Acquired, Acquisition Cost and Number of Shares Held Before and After Acquisition
GMO Internet will acquire a total of 2,400 shares. The company will receive all 1,600 shares (¥50,000 per share), to be issued in a third party allocation by NIKKO, in addition to all 800 shares (¥50,000 per share) held by Masatoshi Kumagai, a major NIKKO shareholder (and CEO and Representative Director of GMO Internet). The two companies agreed to the price of ¥50,000 per share after analyzing the value of shareholder equity calculated by an independent party. (Valuation range: ¥48,500 - ¥68,000). It was also agreed that stock held by Masatoshi Kumagai would be acquired at the same price.

Due to conflicting interests, Masatoshi Kumagai did not participate in any Board of Director Meeting discussions or decisions regarding this matter.

(1) Number of shares held before acquisition	0	(Ownership ratio 0%)
	(Number of voting rights)	
(2) Number of shares to be acquired	2,400	(Total value of acquisition ¥120 million)
	(Number of voting rights)	
(3) Number of shares held after acquisition	2,400	(Ownership ratio 66.7%)
	(Number of voting rights)	

4. Schedule

May 19, 2008	GMO Internet Board of Directors meeting
May 20, 2008	Acquisition of shares to acquired by transfer
May 26, 2008	Acquisition of shares to acquired through third party allocation

5. Outlook

Full Year Forecast for the Year Ending December 2008 (01.01.2008 – 12.31.2008)

	Year Ending December 2008	Including Expected Impact of New Subsidiary
Consolidated Sales	39,000 (¥millions)	3,000 (¥millions)
Consolidated Operating Profit	4,500 (¥millions)	¥0
Consolidated Ordinary Profit	4,200 (¥millions)	¥0
Net Profit	1,700 (¥millions)	¥0
Net Profit per Share	¥16.91	¥0

Impact of the NIKKO stock acquisition on consolidated performance will not be clear until after the effect acquisition date, June 30, 2008.

Please refer also to the disclosure statement released today entitled Revision to Consolidated Full Year Results Forecast for the Year Ending December 2008, for further details.